

**TAX ABATEMENT AND GRANT AGREEMENT
BETWEEN CON-WAY FREIGHT, INC.
AND THE CITY OF SAN ANTONIO**

1. PARTIES

THIS AGREEMENT (the "Agreement") is entered into on this 28th day of October 2010, by and between CON-WAY FREIGHT, INC., a Delaware corporation, (hereinafter referred to as "CON-WAY"), as real property lessee and personal property owner, and the CITY OF SAN ANTONIO, a municipal corporation, (hereinafter referred to as the "CITY"), acting by and through its City Manager.

2. AUTHORIZATION AND FINDINGS

A. This Agreement is entered into pursuant to the following authorities:

1. The Texas Property Redevelopment and Tax Abatement Act of 1987, V.A.T.S. Tax Code, Chapter 312, as amended;

2. CITY COUNCIL RESOLUTION No. 89-07-12, dated the 15th day of February 1989, and most recently revised by ORDINANCE NO. 2010-06-24-0635 on June 24, 2010, together which established the Joint City/County Tax Abatement Guidelines, (hereinafter referred to as the "Guidelines");

3. CITY COUNCIL ORDINANCE NO. 2010-10-07-0865 dated October 7, 2010, which designated the CON-WAY Reinvestment Zone (the "Zone"); and

4. CITY COUNCIL ORDINANCE NO. 2010-10-07-0866, dated October 7, 2010, which specifically approved this Agreement and authorized execution hereof.

5. Pursuant to Chapter 380 of the Texas Local Government Code, the CITY is authorized to grant and loan municipal funds in furtherance of public purposes for economic development projects; and

6. The CITY adopted an Economic Development Program as required by Chapter 380.002 of the Local Government Code (the "Chapter 380 Program"), in order to be able to provide loans and other specified incentives for eligible economic development projects, by Ordinance No. 97248 on February 27, 2003; and

7. As set forth in Ordinance No. 99308, passed and approved on June 3, 2004, the CITY's Chapter 380 Program was modified to permit grants in accordance with the CITY's Economic Development Incentive Fund ("EDIF") Guidelines; and

8. On April 14, 2005, CITY's governing body further modified the 380 Program to expand the eligibility of projects with regard to grants; and

9. CON-WAY submitted an application to the CITY for a grant from the EDIF for the purpose of expanding its operations capacity for an economic development project (the "Project") specified by CON-WAY; and

10. The retention of CON-WAY, as a targeted logistics/distribution business and its employees is an important economic development purpose of the CITY; and

11. CITY has a grant amount of \$82,000.00 available in the EDIF to be used to carry out the Project; and

B. The City Council, by its approval of this Agreement, hereby finds that the terms of this Agreement, and the property subject to it, generally meet the Tax Abatement Guidelines and Chapter 380 Program Criteria as adopted by the City Council and has approved exceptions regarding the number of new employment positions created, as well as percentage of abatement for real and tangible personal property improvements. The City Council further finds that (a) the approval of this Agreement will not have any substantial long-term adverse effect on the provision of CITY services or the CITY'S tax base; and (b) the planned use of the Property (defined below) inside the Zone by CON-WAY for the uses contemplated herein will not constitute a hazard to public safety, health or morals.

3. PROPERTY

A. The taxable real property which is the subject of the Zone of this Agreement is located at 1511 Cornerway Boulevard in San Antonio, Bexar County, Texas on 29.014 acres of land in San Antonio, Bexar County, Texas which are recorded in the Deed and Plat Records of Bexar County, Texas at the time of execution of this Agreement as follows:

A 29.014 acre, or 1,263,861 square feet more or less, tract of land being a portion of a 54,274 acre tract conveyed to Cornerstone PIP in, L.P. in Special Warranty Deed recorded in Volume 7692, Pages 1111-1128 of the Official Public Records of Real Property of Bexar County, Texas, out of the Julian Diaz Survey No. 133 ½, Abstract 190, County Block 5097, now in New City Block (N.C.B.) 10597 of the City of San Antonio, Bexar County, Texas.

said parcel being more particularly described in Exhibit "A", attached hereto and incorporated herein.

With a total investment of approximately eight million five hundred thousand dollars (\$8,500,000), CON-WAY shall cause to be constructed new real property and tangible personal property improvements in an approximately seventy four thousand four hundred (74,400) square-foot facility to house approximately one hundred twenty nine (129) non-temporary, full-time positions, to be completed by December 31, 2011, which CON-WAY shall lease, hold an interest in or otherwise control (the "Facility"). CON-WAY shall retain a minimum of an existing

seventy three (73) non-temporary, full-time employment positions and additional non-temporary, full-time employment positions shall be created and maintained according to the following schedule: Year 1 (January 1, 2011 to December 31, 2011) – twenty one (21) additional; Year 2 (January 1, 2012 to December 31, 2012) – twelve (12) additional; Year 3 (January 1, 2013 to December 31, 2013) – eight (8) additional; Year 4 (January 1, 2014 to December 31, 2014) – six (6) additional; Year 5 (January 1, 2015 to December 31, 2015) – nine (9) additional; for a cumulative total of one hundred twenty nine (129) retained and created and maintained non-temporary, full-time employment positions by December 31, 2015. These positions shall consist of managerial/executive, clerical, mechanics, dockworkers and driver/sales associate positions. CON-WAY shall cause to be invested a minimum of eight million two hundred thousand dollars (\$8,200,000.00) in real property improvements and invest a minimum of three hundred thousand dollars (\$300,000.00) in tangible personal property improvements. CON-WAY shall conduct, in the Facility, normal business activities including, but not limited to, those activities consisting of a logistics and distribution center, operating a motor freight terminal with reasonable ancillary uses, (hereinafter collectively referred to as the “Business Activities”) or the normal Business Activities of a Related Organization (defined in Article 5, Paragraph I) so long as such Business Activities include the normal Business Activities of a logistics and distribution facility or similar activity. CON-WAY shall cause to be invested a combined total of eight million five hundred thousand dollars in real and tangible personal property improvements (\$8,500,000.00) by December 31, 2011. CON-WAY shall be entitled to a grant from CITY’s Economic Development Incentive Fund and ad valorem tax abatements authorized herein for real property improvements and tangible personal property improvements above the Base Year Value and Base Value (as defined in Article 6, Paragraph A) (the “Property Improvements”) if CON-WAY or an approved Related Organization undertakes and maintains Business Activities and employment positions in accordance with the terms of this Agreement in the Zone. CON-WAY understands and agrees that there shall be no abatement of taxes for the land, inventory or supplies.

B. CON-WAY shall establish an “Improvements Only” tax account for real and tangible personal property improvements with the Bexar County Appraisal District regarding the Property and provide these tax account numbers to the CITY.

C. A copy of the Ordinance authorizing this Agreement shall be filed/recorded with the Bexar County Property Records by the City of San Antonio; CON-WAY shall be responsible for the payment of fees associated with this recording, obtained from CON-WAY’s application fee.

4. CON-WAY’S REPRESENTATIONS

A. CON-WAY represents that it has no knowledge that any interest in the Property is presently owned, held or leased by a member of the San Antonio City Council, Zoning Commission, Planning Commission, the CITY’s International and Economic Development Department, or any other CITY officer or employee. CON-WAY further represents that they shall not knowingly sell, lease or otherwise convey such an interest to a member of the San Antonio City Council, the Zoning Commission, the Planning Commission, the CITY’s International and Economic Development Department or any other CITY officer or employee, as

long as this Agreement remains in effect. CON-WAY also represents that it, its employees and officials are in compliance with the CITY's Ethics Code.

B. CON-WAY represents that there is no litigation currently pending against CON-WAY for any violations under the Occupational Safety and Health Act.

5. **TERMS OF THE AGREEMENT**

A. Obligations of CON-WAY. For CON-WAY to receive and retain the grant and tax abatement authorized herein: (1) CON-WAY shall lease, hold an interest in or otherwise control the Facility and Property Improvements and shall cause to be invested a minimum of eight million two hundred thousand dollars (\$8,200,000.00) in real property improvements with a minimum personal property improvement investment of three hundred thousand dollars (\$300,000.00) by December 31, 2011 for the Facility described in Article 3, Paragraph A; and (2) CON-WAY shall occupy and use the Facility for its Business Activities throughout the Grant and Tax Abatement Term and Recapture Period of this Agreement; (3) retain, create and maintain the full-time, non-temporary employment positions described in Article 3, Paragraph A; and (4) otherwise comply with all applicable terms of this Agreement.

B. Wage Requirement. CON-WAY covenants and agrees that it shall comply with the wage standard policy specified in the City of San Antonio's Tax Abatement Guidelines, attached hereto as Exhibit "B" and incorporated herein for all purposes, at the time the City Council authorized execution of this Agreement. CON-WAY understands and agrees that the minimum cash wage for all employees is ten dollars and sixty cents (\$10.60) per hour and after one year, the hourly earnings for seventy percent (70%) of the positions is not less than twelve dollars and seventy six cents (\$12.76) per hour as of the time City Council authorized execution of this Agreement.

C. Full-Time Position. For the purposes of this Agreement, a full-time position shall be equivalent to two thousand eighty (2,080) straight-time paid hours in a fiscal year.

D. Employee Benefits. CON-WAY covenants and agrees that it shall offer all of its non-temporary full-time employees at the Facility the opportunity to elect to receive substantially similar employee benefits as those employee benefits offered to similarly situated employees of CON-WAY's, as those benefits are currently described in Exhibit "C", attached hereto and incorporated herein, and as they may be modified from time to time corporate-wide. CON-WAY covenants and agrees that, during each year of the Term of this Agreement, it will continue to offer all of its full-time employees at the Facility the opportunity to elect to receive an employee benefits package that is substantially similar to either: (a) the benefits package described in Exhibit "C"; or (b) those employee benefits offered to similarly situated CON-WAY non-temporary full-time employees generally. CON-WAY further covenants and agrees that during the Term of this Agreement all of its full-time employees at the Facility shall be offered the option to elect to participate in a health plan which provides coverage for their eligible dependents, on terms substantially similar to the coverage provided to the eligible dependents generally of CON-WAY's non-temporary, full-time employees. Employees may be required to pay all or a portion of the cost of certain benefits.

E. Compliance with Employment Regulation. CON-WAY covenants and agrees that it shall comply with all applicable federal and state laws governing the employment relationship between employers and employees in all material respects. A non-exclusive list of such laws is attached hereto as Exhibit "D" and incorporated herein.

F. Compliance with Business Activities Regulation. CON-WAY also covenants and agrees that it shall conduct its Business Activities (as defined in Article 3, Paragraph A) at the Facility in accordance with all applicable federal, state and local laws in all material respects.

G. Compliance with Construction Regulation. CON-WAY shall construct any improvements made to the Facility in accordance with all applicable federal, state and local laws including, but not limited to, Texas Commission on Environmental Quality regulations, Bexar County and City of San Antonio laws, Building Codes and ordinances, Historic Preservation and Urban Design ordinances, flood, subdivision, building, electrical, plumbing, fire and life safety codes and regulations, current and as amended in all material respects.

H. Improvements Completion. CON-WAY shall substantially cause to be completed real property improvements and complete personal property improvements by December 31, 2011 and shall house CON-WAY's Business Activities (as defined in Article 3, Paragraph A) at the Facility in the Reinvestment Zone in which CON-WAY is located. CON-WAY shall be entitled to such additional time to complete said improvements as may be required due to any "Force Majeure" event, contingent upon CON-WAY diligently pursuing said completion of improvements. For purposes of this Section 5(H): (i) "Force Majeure" shall be as defined in Article 8 below; and (ii) the CITY shall have the final determination, to be exercised reasonably and in good faith, whether to grant an extension of time for said completion for reasons of Force Majeure and the length of such extension, if granted. CON-WAY shall notify the CITY of the completion of the real property and personal property improvements by sending notice to the address listed in Article 9 (Notice) within one (1) month of completion.

I. Authorized Business Activities. Except as provided herein, CON-WAY covenants and agrees that it shall use the Property at the Facility only to conduct its Business Activities (as defined in Article 3, Paragraph A). Without additional consent or approval required by the City Council, but conditioned upon administrative consent and approval by, and subject to prior notice provided to, CITY's Director of International and Economic Development: (i) a parent, subsidiary or affiliate organization of CON-WAY or new entity created as a result of a merger, or other corporate restructure or reorganization of CON-WAY, or any component thereof (hereinafter "Related Organization"); or subject to City Council approval, duly evidenced by ordinance: (ii) an entity which acquires the Facility and Property Improvements and then contracts with CON-WAY to provide substantially the same services as previously provided by CON-WAY for the Facility (an "Assignee") may occupy and use the Property Improvements and the Facility for such Related Organization's or Assignee's normal business activities, so long as such business activities are those of a logistics/distribution facility operating a motor freight terminal with reasonable ancillary uses, or similar or comparable to the Business Activities of CON-WAY at the Facility. To be eligible for the abatement of ad valorem taxes as provided in this Agreement, such Related Organization or Assignee shall comply with all applicable terms of

this Agreement. Except as authorized above, CON-WAY covenants and agrees not to change the principal use of the Property Improvements and Facility without prior approval by the City Council, as evidenced in a duly approved ordinance.

J. Maintenance Obligations. CON-WAY covenants and agrees that it shall maintain the Property and the Facility in good repair and condition during the Grant and Tax Phase-In Term and Recapture Period of this Agreement. Compliance with the maintenance obligations imposed herein shall be presumed if CON-WAY follows its reasonable, normal and customary maintenance and repair procedures and schedules.

K. Inspections by the City. Upon five (5) business days prior notice to CON-WAY by the CITY, CON-WAY covenants and agrees that it shall allow designated representatives of the CITY access to the Facility during normal business hours for inspection to determine if the terms and conditions of this Agreement are being met. (This inspection is independent of CITY'S police powers to inspect for purposes of assuring compliance with applicable City Codes and Ordinances). The CITY's access to CON-WAY's books and records will be limited to information needed to verify that CON-WAY is complying with the terms of this Agreement, has been conducting agreed Business Activities and appropriate maintenance and/or repair at the Facility. Any information that is not required by law to be made public shall be kept confidential by CITY. Should any good faith dispute or question arise as to the validity of the data provided, the CITY reserves the right to require CON-WAY to obtain an independent firm to verify and/or audit the information. This certified statement by an independent firm shall be provided at the sole cost of CON-WAY. For inspection purposes, CITY representatives may be accompanied by CON-WAY representatives and said inspection shall be conducted so that the inspection shall: (a) not unreasonably interfere with the operation of the Facility; and (b) comply with CON-WAY's reasonable security requirements.

L. Disclosure to Bexar County Appraisal District. During the Grant and Tax Abatement Term and Recapture Period of this Agreement, CON-WAY covenants and agrees to furnish, as applicable, by April 30th of each year, the Chief Appraiser of Bexar County Appraisal District with information outlined in Chapter 22, V.A.T.S. Tax Code, as amended, as may be necessary for the tax abatement and for appraisal purposes.

M. Disclosure to CITY. CON-WAY covenants and agrees that it shall provide, within thirty (30) days after June 30 and December 31 of each year, the CITY's Director of the International and Economic Development Department with a semi-annual certification from an officer of CON-WAY attesting to the number of employment positions created and maintained, as well as wages paid, by CON-WAY at the Facility as of such dates. CON-WAY shall also submit this information to the CITY upon request, as deemed necessary at the reasonable discretion of the CITY, during the Grant and Tax Abatement Term and Recapture Period of this Agreement. The information provided shall be on the forms set forth in, or substantially similar to the forms set forth in, Exhibit "E" (attached hereto and incorporated herein), as amended.

N. Local Employment Goal. The CITY may, at its option, require that CON-WAY provide the residence city of new employees. If at least 25% of the new employees do not reside within

the city limits of the CITY or within the county limits of Bexar County, CITY may at its option terminate this agreement.

O. Notification Requirement Regarding Sale, Transfer or Sub-lease of Facility or Property Improvements. CON-WAY covenants and agrees to notify CITY in writing at least 30 days prior to any reorganization, sale (whole or partial), transfer or sub-lease of the Facility, Property Improvements or Corporate organization of CON-WAY during the Grant and Tax Abatement Term or Recapture Period of this Agreement. CON-WAY shall request Assignment of this Agreement to any Related Organization, new purchaser, transferee or sub-lessor of the Facility, Property Improvements or Corporate organization of CON-WAY (the "Assignee"). CITY shall not unreasonably withhold, condition or delay approval of any requests for Assignment of this Agreement by CON-WAY, subject to the provisions of Article 11 of this Agreement, and any Assignee to which the provisions of this Article 5, Section P apply shall be bound by all terms of this Agreement.

P. Notification Requirement Regarding Relocation or Cessation of Business Activities. CON-WAY covenants and agrees to notify CITY in writing at least 30 days prior to Relocating or Ceasing its Business Activities (as defined in Article 7, Paragraphs B and C).

Q. Penalty for Default/Termination. If, during the Grant and Tax Abatement Term or Recapture Period of this Agreement, CON-WAY fails to comply with any of the terms of this Agreement for a period of three (3) or more consecutive months, then the termination and recapture provisions of Article 7, Paragraphs E, F and I of this Agreement shall apply against CON-WAY.

R. Other Actions Resulting in Default/Termination. If, during the Grant and Tax Abatement Term or Recapture Period of this Agreement, and after the Cure Period (defined in Section 7), CON-WAY allows its ad valorem taxes due on the land, real and/or personal property or inventory and supplies related to the Facility to become delinquent and fails to timely and properly follow the legal procedures for their protest and/or contest, or is in default with any loan which has been made by the San Antonio Development Agency, City of San Antonio Industrial Development Authority or any other CITY-sponsored loan/grant/bond program or other CITY agreements, then the termination and recapture provisions of Article 7, Paragraphs F and I of this Agreement shall apply.

6. GRANT AND TAX ABATEMENT

A. Term. The periods for tax abatement for the Real Property and tangible Personal Property Improvements, and for the Economic Development Grant, respectively, shall be as follows:

1. Real Property and Personal Property Improvements. Ad valorem taxes on Real Property and tangible Personal Property Improvements will be abated for a period of six (6) years beginning on January 1, 2011 (the "*Tax Abatement Term*"). The **Base Year** for calculating the value of the Real Property Improvements shall be 2010.

2. Economic Development Grant. The Grant term shall begin on the date of receipt of a certificate of occupancy for the Facility, for a period of approximately six (6) years, but ending on December 31, 2017 (the "*Grant Term*").

3. Recapture Period. Following the Tax Abatement Term and Grant Term, a period shall follow, known as the "*Recapture Period*" during which the CITY may recapture grant funds and abated ad valorem taxes in the event of default of Agreement terms by CON-WAY.

The Real Property and Personal Property Improvements Term, and Economic Development Grant Term are collectively the "*Grant and Tax Abatement Term*". The "*Base Year Value*" of the Real Property shall be the assessed value (determined by the Bexar County Appraisal District), of the Real Property as of the Base Year determined in accordance with Article 6, Section A, Paragraphs 1 above. The "*Base Value*" of tangible Personal Property (determined by the Bexar County Appraisal District) shall be the assessed value of any Personal Property located at the Facility site prior to the execution date of this Agreement.

B. Conditions Precedent. At the commencement of the Grant and Tax Abatement Term, CON-WAY shall lease, have an interest in or otherwise control the Property and shall conduct its Business Activities at the Facility. A Tax Abatement shall be granted in each year of the Tax Abatement Term, as described in Article 6, Paragraph C below. An Economic Development Grant shall be provided as described in Article 6, Paragraph G below.

C. Additional Conditions and Tax Abatement Percentage. Provided that CON-WAY has cause to be invested a minimum of eight million two hundred thousand dollars (\$8,200,000.00) in real property improvements and invested a minimum of three hundred thousand dollars (\$300,000.00) in personal property improvements at the Facility by December 31, 2011; and CON-WAY has satisfied, and continues to satisfy, Article 5, Paragraph A of this Agreement; CON-WAY uses the Facility for its Business Activities; and CON-WAY is otherwise in compliance with the terms and conditions of this Agreement, then thirty five percent (35%) of the ad valorem taxes for the Real Property and tangible Personal Property Improvements, above the Base Year Value and Base Value, respectively, shall be abated during the Tax Abatement Term. There shall be no abatement of ad valorem taxes for land, inventory or supplies.

D. Pre-Term Taxes. CON-WAY shall pay, or cause to be paid, to the CITY ad valorem taxes for existing real property, personal property and inventory and supplies assessed, if any and as applicable, by the CITY on the Property prior to the commencement of the Term.

E. Base Year Taxation. CON-WAY understands and agrees that the Base Year Value of the Real Property and Base Value of the Personal Property and the tax levy based on said Values of the Property in the Zone shall not decrease, but taxes may increase and that the amount of taxes paid by CON-WAY to the CITY attributable to the Property during the Term shall not be less than the amount of taxes attributable to the Property paid to the CITY for the base year tax year, if any, except in the event of casualty or condemnation of the Facility in the Zone.

F. Protest Rights. CON-WAY shall have the right to protest appraisals of the Property, or any portion thereof, or the value of any improvements over and above the Base Year Value and Base Value as applicable.

G. Economic Development Grant Conditions and Value. In consideration of the fulfillment of the real property and tangible personal property improvements investment as evidenced by the requirements articulated in Article 6, Section G (1) below, CITY will disburse grant funds to CON-WAY as follows:

1. Disbursement of eighty two thousand dollars (\$82,000.00) upon: (1) provision by CON-WAY of satisfactory evidence of investment and completion of real property and tangible personal property improvements, lease acquisition of the building and land at the Facility's location; and (2) provision by GRANTEE of evidence of receipt of Certificate of Occupancy permit from the City of San Antonio; and (3) execution of this Agreement.

H. CITY shall not be liable to CON-WAY or any other entity for any costs incurred by CON-WAY or any other entity.

7. DEFAULT/TERMINATION/RECAPTURE

A. Relocation Defined. For purposes of this section, "Relocation" or "Relocate" shall mean CON-WAY, a Related Organization or Assignee which has taken the place of CON-WAY: (i) substantially relocating the Business Activities to a location outside the CITY; or (ii) substantially relocating the Business Activities outside an approved Enterprise or Reinvestment Zone within the CITY. A *substantial relocation* shall mean the Relocation of at least fifty percent (50%) of the Business Activities.

B. Termination and Recapture of Taxes in Event of Relocation of Business Activities. If CON-WAY, a Related Organization or Assignee which has taken the place of CON-WAY occupies and uses the Facility for its Business Activities and subsequently Relocates (as defined in Article 7, Paragraph A) during the Grant and Tax Abatement Term, except if such Relocation of Business Activities is caused by a Force Majeure, as defined in Article 8, then City Council shall have the right to terminate this Agreement. Said termination shall be effective for the calendar year during which the Facility or Property Improvements were no longer used for the required purposes stated herein. Upon said termination, all funds granted and ad valorem taxes on Property Improvements otherwise abated for that calendar year and all previously granted funds or previously abated ad valorem taxes on these Property Improvements under this Agreement shall be recaptured (based on the table in Article 7, Paragraph H) and shall be paid to CITY within sixty (60) calendar days from the date of said termination notices to CON-WAY, a Related Organization and/or Assignee by CITY, pursuant to the Notice provisions of this Agreement.

C. Termination and Recapture of Taxes in Event of Cessation of Business Activities. If CON-WAY, a Related Organization or Assignee occupies and uses the Facility for its Business Activities and subsequently ceases conducting Business Activities (or a substantial, i.e. - at least fifty percent (50%), portion thereof) at the site for a continuous period of three (3) months during

the Grant and Tax Abatement Term for any reason, except if such cessation is caused by a Force Majeure as defined in Article 8, then the City Council shall have the right to terminate this Agreement. Said termination shall be effective for the calendar year during which the Facility or Property Improvements were no longer used for the required purposes stated herein. Upon said termination, all grant funds and ad valorem taxes on Property Improvements otherwise abated for that calendar year and all previously granted funds and previously abated ad valorem taxes on these Property Improvements under this Agreement shall be recaptured (based on the table in Article 7, Paragraph H) and shall be paid to CITY within sixty (60) calendar days from the date of said termination notices to CON-WAY, a Related Organization and/or Assignee by CITY, pursuant to the Notice provisions of this Agreement..

D. Recapture of Grant Funds and Taxes Following Term of Agreement. In the event that the Grant and Tax Abatement Term expires and CON-WAY Relocates (as defined in this Article 7, Paragraph A) or ceases to conduct Business Activities (as defined in this Article 7, Paragraph C) at the Facility, then the City Council shall also have the right to terminate this Agreement and recapture from CON-WAY, a Related Organization and/or Assignee all previously granted funds and previously abated ad valorem taxes on Property Improvements based on the table in Article 7, Paragraph H of this Agreement (the "Recapture Period"), which shall be paid to CITY within sixty (60) calendar days from the date of said termination notices to CON-WAY, a Related Organization and/or Assignee by CITY pursuant to the Notice provisions of this Agreement.

E. Termination and Recapture of Grant Funds and Taxes for Failure to Maintain Minimum Number of Employment Positions. If CON-WAY, a Related Organization or Assignee fails to satisfy Article 5, Paragraph A above, calculated by the averaging of the two most current semi-annual Employee Wage Information for Tax Abatement Request Forms, or substantially similar form, (Exhibit "E") for such calendar year of noncompliance, then for each such calendar year of noncompliance, the tax abatement shall be reduced in the following tax year by the same percentage as the deficiency in the number of positions. For example, if CON-WAY establishes and maintains ninety percent (90%) of the minimum number of non-temporary, full-time positions in a given year, CON-WAY shall be entitled to a ninety percent (90%) abatement of the ad valorem Property Improvement taxes for that following year, but subject to a floor of fifty percent (50%). If CON-WAY fails to establish and maintain at least fifty percent (50%) of the minimum number of non-temporary full-time positions in a given year then, at the option of City Council, this failure may be grounds for termination of this Agreement. Said termination shall be effective for the calendar year during which the number of non-temporary, full-time positions stated herein are not established and maintained as required. Upon said termination, all grant funds and ad valorem taxes on Property Improvements otherwise abated for that calendar year and all previously granted funds and previously abated ad valorem taxes on these Property Improvements under this Agreement shall be recaptured (based on the table in Article 7, Paragraph I) and shall be paid to CITY within sixty (60) calendar days from the date of said termination notices to CON-WAY, a Related Organization and/or Assignee by CITY pursuant to the Notice provisions of this Agreement.

F. Cure Period and Declaration of Default. During the Grant and Tax Abatement Term or Recapture Period, CITY may declare a default if CON-WAY, a Related Organization and/or Assignee fails to comply with any of the terms of this Agreement. Should CITY determine

CON-WAY, a Related Organization and/or Assignee is in default under any of the terms of this Agreement, CITY will notify CON-WAY, a Related Organization and/or Assignee in writing at the address below in Article 9, and if said default is not cured within sixty (60) calendar days from the date of such notice (hereinafter the "Cure Period"), then City Council shall have the right to terminate this Agreement. CITY may extend the Cure Period if CON-WAY, a Related Organization and/or Assignee commences the cure within the Cure Period and is diligently pursuing such cure. If the Agreement is terminated as a result of default, all ad valorem taxes on Property Improvements will be due for the tax year during which the termination occurred and shall accrue without further abatement for all tax years thereafter; in addition, CITY shall have the right to recapture (based on the table in Article 7, Paragraph H) from CON-WAY, a Related Organization and/or Assignee all previously granted funds and previously abated ad valorem taxes on the Property Improvements under this Agreement and said grant funds and taxes shall be paid by CON-WAY, a Related Organization and/or Assignee to CITY within sixty (60) calendar days from the date of said termination notices to CON-WAY, a Related Organization and/or Assignee by CITY pursuant to the Notice provisions of this Agreement.

G. Additional Rights to Terminate. If CON-WAY, a Related Organization and/or Assignee allows its ad valorem taxes due on the Base Year Value or Base Value of the Property Improvements to become delinquent and CON-WAY, a Related Organization and/or Assignee fails to timely and properly follow the legal procedures for their protest and/or contest, or is in default on any loan which has been made by the San Antonio Development Agency, City of San Antonio Industrial Development Authority or any other CITY-sponsored loan/grant/bond program or CITY agreement, City Council shall have the right to terminate this Agreement under this Article 7, Paragraph F. Ad valorem taxes for the Property Improvements shall then be due for the tax year during which the termination occurred and shall accrue without further abatement for all tax years thereafter. All grant funds and ad valorem taxes previously abated by virtue of this Agreement shall be recaptured (based on the table in Article 7, Paragraph H) from CON-WAY, a Related Organization and/or Assignee and shall be paid to CITY within sixty (60) calendar days from the date of said termination notices to CON-WAY, a Related Organization and/or Assignee by CITY pursuant to the Notice provisions of this Agreement.

H. Termination in Event of Taking by Eminent Domain. If the Facility, or any portion of the Property Improvements in the Facility, is taken by any public or quasi-public authority under the power of eminent domain, condemnation or expropriation, then the abatement of ad valorem taxes on the Property Improvements shall terminate (only as to the portion of the Property Improvements or Facility affected by the taking), effective as of the calendar year during which the taking occurs, and there shall be no recapture of grant funds or taxes. In the event of a partial taking, CON-WAY shall have the right to continue or to terminate this Agreement, for the remaining portion of the Property Improvements or Facility, without recapture or other penalty.

I. Calculation of Taxes Subject to Recapture. If CON-WAY, a Related Organization and/or Assignee fails to comply with any of the terms of this Agreement including, but not limited to, defaults defined in Article 7, Paragraphs A through G, then the City Council shall have the right to terminate this Agreement during the Grant and Tax Abatement Term or Recapture Period and recapture from CON-WAY, a Related Organization and/or Assignee the applicable percentage of

the grant funds and abated ad valorem taxes to Property Improvements during the Grant and Tax Abatement Term or Recapture Period based on the following table:

| | |
|--|--|
| YEAR OF GRANT AND TAX PHASE-IN RECAPTURE PERIOD | TOTAL GRANT FUNDS OR TAX TERM OR PREVIOUSLY ABATED SHALL BE MULTIPLIED BY: |
|--|--|

| | |
|-------------------------------------|------|
| <u>Grant and Tax Abatement Term</u> | |
| 1-6 | 100% |
| <u>Recapture Period</u> | |
| 7 | 100% |
| 8 | 75% |
| 9 | 50% |
| 10 | 25% |

FORMULA: The *Recapture Formula* for Grant and Tax Abatement Term or Recapture Period shall be:

| | | | | |
|---------------------------------------|---|--|---|----------------------------|
| Total Grant Funds and Taxes Abated | X | Applicable Percentage from Schedule Above | = | Amount to be Recaptured |
|---------------------------------------|---|--|---|----------------------------|

CITY shall recalculate the amount of recapture (whether during the Grant and Tax Abatement Term or Recapture Period) pertaining to each tax year utilizing the above Recapture Formula. A bill for each year will then be sent to CON-WAY, the Related Organization and/or Assignee.

J. Other Remedies Available. CITY shall have the right to seek any remedy at law to which it may be entitled, in addition to termination and/or recapture, if CON-WAY, the Related Organization and/or Assignee defaults under the terms of this Agreement. However, such termination and/or recapture shall be subject to any and all lawful offsets, settlements, deductions or credits to which CON-WAY, the Related Organization and/or Assignee may be entitled. CITY will pursue these remedies, with the exception of injunctive relief if deemed necessary by CITY, if, and only to the extent that, CON-WAY does not perform under the recapture provisions.

8. **AUTHORIZED RELIEF FROM PERFORMANCE (Force Majeure)**

For purposes of this section, "Force Majeure" is defined as an act of God, terrorism, war, social unrest, strike or natural disaster, explosion, casualty or accident not due to negligence, intentional act or misconduct on the part of CON-WAY. In addition to relief expressly granted in this Agreement, CITY shall grant relief from performance of this Agreement if CON-WAY is prevented from compliance and performance by an event of Force Majeure and may, at CITY's election, terminate the Agreement. The burden of proof for the need for such relief shall rest upon CON-WAY and shall include sufficient and appropriate documentation. To obtain release based upon this Article 8, CON-WAY must file a written request with the CITY'S Director of the International and Economic Development Department for processing to City Council for a decision, authorized by a duly approved Ordinance.

9. NOTICE

Any notice required or permitted to be given hereunder by one Party to the other shall be in writing and the same shall be given and shall be deemed to have been served and given if: (a) delivered in person to the address set forth herein below for the Party to whom the notice is given; (b) placed in the United States mail with postage prepaid, return receipt requested, properly addressed to such Party at the address hereinafter specified; or (c) deposited, with fees prepaid, into the custody of a nationally recognized overnight delivery service such as FedEx, addressed to such Party at the address hereinafter specified. Any notice mailed in the above manner shall be effective upon three (3) days after deposit into the custody of the United States Postal Service or one (1) day after deposit with such nationally recognized delivery service as applicable; all other notices shall be effective upon receipt. From time to time, either Party may designate another address for all purposes under this Agreement by giving the other Party no less than ten (10) calendar days advance written notice of such change of address in accordance with the provisions hereof.

TO CON-WAY:

- (Whether personally delivered or mailed):

CON-WAY FREIGHT, INC.
Attn: Chief Tax Officer
P.O. Box 3745
Portland, OR 97208

TO CITY:

- If mailed:

International and Economic Development Dept.
Attn: Director
P.O. Box 839966
San Antonio, Texas 78283-3966

- If by personal or overnight delivery:

International and Economic Development Dept.
Attn: Director
Frost Bank Tower, 19th Floor
San Antonio, Texas 78205

10. CONDITION

This Agreement is conditioned entirely upon the approval of the San Antonio City Council, as evidenced by duly approved ordinance.

11. ASSIGNMENT

Except as otherwise expressly provided herein, this Agreement may be assigned or otherwise transferred only with City Council's prior approval (which approval shall not be unreasonably withheld, conditioned or delayed), as reflected in a duly adopted ordinance. CON-WAY shall submit a written request to CITY for approval of the proposed assignment or other transfer at least thirty (30) days prior to the effective date of the assignment or transfer of any part of the Property, the Facility or CON-WAY's corporate body; however, no City Council consent is required for an administrative assignment or transfer to a parent of CON-WAY, a subsidiary of CON-WAY, an affiliate entity of CON-WAY, or to any new entity created as a result of a merger, or other corporate restructure or reorganization of CON-WAY (a "Related Organization"). However, CON-WAY shall give CITY prior written notice, subject to Article 9, requesting assignments or other transfers that do not require City Council consent, as required under Article 5, Paragraph P for administrative assignment. All Assignees shall be bound by all terms and/or provisions and representations of this Agreement.

12. GENERAL PROVISIONS

A. None of the Property Improvements described in this Agreement are financed by tax increment bonds.

B. This Agreement is entered into subject to the rights of the holders of outstanding bonds of the CITY related to this project. No bonds for which the CITY is liable have been used to finance this project.

C. Except as otherwise provided in this Agreement, no amendment, modification or alteration of the terms hereof shall be binding unless in writing dated subsequent to the date of this Agreement and duly authorized by the Parties, subject to City Council approval, as evidenced by ordinance.

13. SEVERABILITY

In the event any section, subsection, paragraph, subparagraph, sentence, phrase or word herein is held invalid, illegal or unenforceable, the balance of this Agreement shall stand, shall be enforceable and shall be read as if the Parties intended at all times to delete said invalid section, subsection, paragraph, subparagraph, sentence, phrase or word. In such event, there shall be substituted for such deleted provisions a provision as similar as possible in terms and in effect to such deleted provision that is valid, legal and enforceable. This Agreement constitutes the entire Agreement between the Parties hereto relating to the subject matter contained herein and supersedes all prior, oral or written agreements, commitments or understandings with respect to the matters provided for herein.

14. ESTOPPEL CERTIFICATE

Any Party hereto may request an estoppel certificate related to this project (hereafter referred to as "Certificate") from another Party hereto so long as the Certificate is requested in

connection with a bonafide business purpose. The Certificate, which if requested, will be addressed to a lender, subsequent purchaser or assignee of CON-WAY or other party designated by CON-WAY which shall include, but not necessarily be limited to, statements that this Agreement is in full force and effect without default, if such is the case, the remaining Term of this Agreement, the grant funding and levels of tax abatement in effect, and such other matters reasonably requested by the party(ies) to receive the Certificate.

15. OWNER STANDING

CON-WAY, as a Party to this Agreement, shall be deemed a proper and necessary Party in any litigation questioning or challenging the validity of this Agreement or any of the underlying ordinances, resolutions or City Council actions authorizing same, and CON-WAY shall be entitled to intervene in said litigation.

16. APPLICABLE LAW

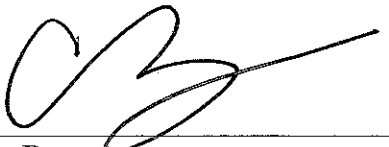
This Agreement shall be construed under the laws of the State of Texas and venue and jurisdiction shall lie in Bexar County, Texas, the location of the Reinvestment Zone in which the CON-WAY Facility and Property Improvements are located.

17. DUPLICATE ORIGINALS

This Agreement shall be executed in triplicate originals, with a duplicate original going to each Party and one to the City Clerk.

[Signatures Appear on Following Page]


CON-WAY FREIGHT, INC.
A Delaware Corporation

BY: 
Name: Craig Boretz
Title: Vice President and Chief Tax Officer

ATTEST:

Name: _____
Title: _____

APPROVED AS TO FORM:


Leslie Orton Haby
ASSISTANT CITY ATTORNEY

CITY OF SAN ANTONIO,
a Texas Municipal Corporation


A.J. Rodriguez
DEPUTY CITY MANAGER

ATTEST:

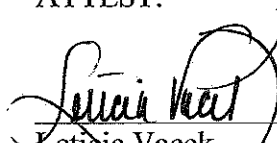

Leticia Vacek
CITY CLERK



EXHIBIT A

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

A 29.014 acre, or 1,263,861 square feet more or less, tract of land being a portion of a 54.274 acre tract conveyed to Cornerstone PIP in, L.P. in Special Warranty Deed recorded in Volume 7692, Pages 1111-1128 of the Official Public Records of Real Property of Bexar County, Texas, out of the Julian Diaz Survey No. 133 1/2, Abstract 190, County Block 5097, now in New City Block (N.C.B.) 10597 of the City of San Antonio, Bexar County, Texas. Said 29.014 acre tract being more fully described as follows, with bearings based on the North American Datum of 1983 (CORS 1996), from the Texas Coordinate System established for the South Central Zone:

BEGINNING: At a found TX Dot monument (type H) for the north corner of the northeast cutback line at the intersection of the east right-of-way line of Interstate Highway, Loop 410, a variable width right-of-way, 300-foot minimum, and the north right-of-way line of Dietrich Road, a variable width right-of-way, recorded in Volume 9518, pages 146-152 of the Deed and Plat Records of Bexar County, Texas;

THENCE: With the east right-of-way line of Interstate Highway, Loop 410, the following calls and distances:

N 40°40'25" W, a distance of 99.98 feet to a found TX Dot monument (type II),

N 40°34'11" W, a distance of 314.73 feet to a found TX Dot monument (type II),

N 42°20'44" W, a distance of 296.75 feet to a set ½" iron rod with yellow cap marked "Pape-Dawson";

THENCE: N 44°03'46" E, departing the east right-of-way line of Interstate Highway, Loop 410, across the 54.274 acre tract a distance of 1021.61 feet to a set ½" iron rod with yellow cap marked "Pape-Dawson", on the west right-of-way line of Cornerway Boulevard, a variable width right-of-way, recorded in Volume 9518, Pages 146-152 of the Deed and Plat Records of Bexar County, Texas;

THENCE: With the west right-of-way line of Cornerway Boulevard, the following calls and distances:

S45°56'14"E, a distance of 931.09 feet to a found ½" iron rod with cap marked "CDS MUERY",

Along a tangent curve to the right, said curve having a radius of 493.27 feet, a central angle of $45^{\circ}37'12''$, a chord bearing and distance of $S\ 23^{\circ}07'38''E$, 382.46 feet, for an arc length of 392.75 feet to a set $\frac{1}{2}$ " iron rod with yellow cap marked "PAPE-DAWSON", from which a found $\frac{1}{2}$ " iron rod with cap marked "VICKREY", bears $S\ 00^{\circ}19'02''E$, a distance of 1.06 feet,

$S\ 00^{\circ}19'02''E$, a distance of 288.41 feet to a found $\frac{1}{2}$ " iron rod with cap marked "VICKREY", for the north end of a curve at the northwest corner of the intersection of Dietrich Road, and Cornerway Boulevard;

THENCE: Along a tangent curve to the right, said curve having a radius of 25.00 feet, a central angle of $90^{\circ}02'49''$, a chord bearing and distance of $S\ 44^{\circ}42'23''W$, 35.37 feet, for an arc length of 39.29 feet to a found $\frac{1}{2}$ " iron rod with cap marked "VICKREY", for the west end of said curve;

THENCE: With the north right-of-way line of Dietrich Road, the following calls and distances:

$S\ 89^{\circ}43'47''W$, a distance of 410.27 feet to a found $\frac{1}{2}$ " iron rod with cap marked "CDS MUERY",

$N\ 00^{\circ}02'32''E$, a distance of 9.52 feet to a found TX Dot monument (type III),

$S\ 89^{\circ}44'16''W$, a distance of 541.61 feet to a found $\frac{1}{2}$ " iron rod with cap marked "VICKREY", for the southeast end of the northeast cutback line at the intersection of the east right-of-way line of Interstate Highway, Loop 410, and the north right-of-way line of Dietrich Road;

THENCE; $N\ 65^{\circ}07'41''W$, with said cutback line a distance of 93.54 feet to the POINT OF BEGINING, and containing 29.014 acres in the City of San Antonio, Bexar County, Texas. Said tract being described in accordance with a survey made on the ground and a survey map prepared by Pape-Dawson Engineers, Inc.

PREPARED BY: Pape-Dawson Engineers, Inc. .
DATE; JOB NO. February 25, 2010
DOC. ID. 7554-01
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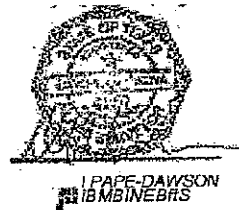


EXHIBIT B

CITY OF SAN ANTONIO

TAX ABATEMENT GUIDELINES



*Effective Month January 1, 2009 through December 31, 2010
(Amended by City Council June 24, 2010)
(Amended Seventy Percent Wage Requirement September 1, 2010)*



CITY OF SAN ANTONIO
International and Economic Development Department
P.O. Box 839966
San Antonio, Texas 78283-9966
Telephone: (210) 207-8080
www.sanantonio.gov/edd

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Introduction

Chapter 312 of the Texas Tax Code authorizes local governments to abate 100% of ad valorem property taxes on the value of new property improvements for up to 10 years, including real property, tangible personal property, and inventory and supplies. The City of San Antonio is required by this same statute to develop and review guidelines at least every two years for the eligibility and award of this tax incentive.

These Guidelines support the City's priorities for attracting new investment and job retention/creation in targeted industries. The City Council is committed to fully evaluating the merits and benefits of each individual project and retaining the flexibility to offer any project up to the maximum tax abatement allowed under the law. City Council has also directed staff to carefully consider high priority opportunities with significant investment and/or job creation in targeted industries, such as renewable energy and biotechnology, and to exercise flexibility in offering the maximum tax abatement necessary to attract such projects to San Antonio regardless of where they locate in the community.

The growth, sustainability and diversity of a regional economy are goals that are critical to the long-term prosperity of a community and its citizens. Communities must strategically plan and implement policies and incentive programs to achieve these goals. San Antonio's Tax Abatement Guidelines demonstrate a pro-business environment to help attract, retain and expand targeted industries, increase employment and wages, expand the tax base, and create long-term capital investment and new wealth opportunities in the community.

State law further requires that each taxing jurisdiction enter into a Tax Abatement Agreement with each owner of property or the owner of a leasehold interest in real property receiving an abatement or portion thereof. These agreements are binding legal documents between all parties involved. Additional provisions and requirements are included in those agreements.

The City Council has adopted these Guidelines and will utilize them to ensure that any abatement of property taxes achieves the community's economic development goals. Each taxing jurisdiction independently decides whether or not to abate taxes for any given project and approval from one governmental entity does not guarantee approval from the other.

Eligibility Criteria

To be eligible for consideration by City Council for a tax abatement under these Guidelines, a company or project must meet and/or exceed all of the criteria, as described below:

- Minimum amounts of real or personal property investment;
- Minimum levels of full-time job creation, except for multi-family rental only housing, data centers and mixed-use projects in the City designated Reinvestment Policy Target Area (Appendix D);
- Employee and dependent access to health care benefits;
- Prescribed wage requirements for all employees at project site; and
- Applicant must be in a targeted industry or qualifying business activity.

The amount and term of the tax abatement will also be impacted by:

- The location of facility;
- Other public incentives used for same project; and
- Overall benefit to the community.

Targeted Areas for Investment and Job Creation

To promote balanced growth, certain areas are targeted for job creation and investment. Depending on the location of the project, the term of the abatement will vary. City Council has adopted an Inner City Reinvestment/Infill Policy which created a three-tiered target area for financial incentives, including tax abatements, to promote growth and development in the inner city and downtown areas. These Guidelines are aligned with that policy. Following are the specific tax abatement term areas as identified at Appendix B.

Areas eligible for a tax abatement up to a 10-year term:

- Within the City limits, projects located within Loop 410 and the annexed areas of City South.

Areas eligible for a tax abatement up to a 6-year term:

- Within the City, projects located outside Loop 410 except for City South annexed areas.

Areas *not* eligible for tax abatement:

- Projects located in whole or in part over the Edwards Aquifer Recharge Zone and Contributing Zone are not eligible for a tax abatement.
- New or existing projects that may have a potentially negative impact on military missions are not eligible for a tax abatement.

Summary of Capital Investment and Job Creation Requirements

State statute allows the City to offer tax abatements for up to 10 years on up to 100% of real and personal property improvements. The City will consider offering up to this maximum allowable tax abatement on projects that meet or exceed a total capital investment of \$30 million and/or create at least 500 new full-time jobs, except for projects locating over the Edwards Aquifer Recharge and Contributing Zones. However, the City is particularly focused on attracting investment and jobs to the Inner City Reinvestment/Infill Policy area (Appendix D) and is therefore prepared to offer more tax and other development incentives to projects in this targeted area. For projects not meeting the exceptional investment and/or job creation thresholds mentioned above, companies can use the following table as a guide in determining the potential maximum tax abatement incentive for your project:

| Potential Tax Abatements Available at Minimum Levels of Capital Investment & Job Creation | City of San Antonio | |
|--|--|--|
| | 6-Year Term Area (see Appendix B) | 10-Year Term Area (See Appendix B) |
| Investments in Real & Personal Property | \$10 Million Combined | \$1 Million Combined |
| New Full-Time Jobs (Note 1) | 100 | 25 |
| Potential Tax Abatement (Note 2) | up to 50% on real and personal property | <div>Up to 100% on real and personal property in the Inner City Reinvestment/Infill Policy Target Area</div> <div>Up to 75% on real and personal property in areas outside the Inner City Reinvestment/Infill Policy Target Area</div> |

Notes:

(1) Eligible multi-family rental only housing, data centers and mixed use projects are exempt from the minimum job creation requirements.

(2) A project will receive consideration toward achieving the maximum tax abatement allowable in a 6 or 10-year term area based on the following:

- Locating in the Inner City Reinvestment/Infill Policy Target Area.
- Meeting Leadership in Energy and Environmental Design (LEED) Green Building Rating System™ standards or equivalent acceptable methodology.
- Enrolling in CPS Energy's Windtricity or another CPS Energy renewable energy program or other renewable product.
- Paying new and existing employees an hourly wage of 25% or greater above the wage requirement.
- Providing jobs and investment through green technology projects.

Timing

In order to be eligible for consideration, the company must submit an application prior to commencement of the project. No tax abatement for a proposed project will take effect until a final negotiated agreement has been approved and fully executed. The timing and acquisition of personal property related to this project will impact its eligibility for abatement.

Local Hire Requirement

Any project seeking a tax abatement must hire at least 25% of its new employees at the project location from residents of the City of San Antonio or Bexar County, regardless of project size.

Employee Health Care Benefits

The company seeking a tax abatement under these Guidelines must provide each full-time person employed at the project location and his or her dependents with access to affordable health insurance within one year from date of employment.

Wage Requirements

Living Wage Requirement: In order to be eligible for a tax abatement, all (100%) of the company's new and existing employees *at the project location* must earn no less than a "living wage" throughout the full term of the Tax Abatement Agreement. This wage is based on the poverty level for a family of four, as determined annually (January) by the U.S. Department of Health and Human Services (HHS). Legislation enacted in late 2009 and early 2010 prohibited publication of 2010 poverty guidelines before May 31, 2010, and required that the 2009 poverty guidelines remain in effect until publication of updated guidelines. As a result, the poverty guidelines for the remainder of 2010 are the same as the 2009 poverty guidelines. The living wage requirement is \$10.60 per hour.

Seventy Percent Wage Requirement: In addition to the "Living Wage" requirement, after one year of initiating full operations at the project location but not more than two years after execution of the agreement, seventy percent (70%) of all new and existing employees, with at least one year of full employment with the company at the project location, must earn a cash wage at or exceeding one of the two following hourly wage requirements, depending on the majority of the company's activities at the project location.

- **Median Hourly Wage for Manufacturing:** This is the wage requirement for all companies primarily engaged in manufacturing activities at the project location at the time the tax abatement agreement is executed. This wage is compiled by the Bureau of Labor Statistics (BLS) Occupational Employment Survey and published annually by the Texas Workforce Commission (TWC). This wage reflects the annual median hourly wage for all manufacturers in the San Antonio Metropolitan Statistical Area and is updated in June of each year. Effective September 1, 2010, this wage is \$13.97/per hour.

- Median Hourly Wage for All Industries (Companies): This is the wage requirement for those companies whose primary activities at the project location are non-manufacturing (e.g., financial services) at the time the tax abatement agreement is executed. This wage is also compiled by the Bureau of Labor Statistics (BLS) Occupational Employment Survey and published annually by the Texas Workforce Commission (TWC). This wage reflects the annual median hourly wage for all industries in the San Antonio Metropolitan Statistical Area and is updated in June of each year. Effective September 1, 2010, this wage is \$13.76/per hour.

If the company does not meet and maintain these wage requirements for all new and existing employees at the project location going forward, the company will be in default of their Tax Abatement Agreement, which likely will result in termination of the Agreement and the recapture of all or a portion of the previously abated property taxes.

Qualifying Industries/Business Activities or Projects

The majority of the company's business at the project location must be engaged in one of the following qualifying industries, business activities or projects, as defined in Appendix A:

- Agribusiness
- Aviation/Aerospace
- Biotechnology
- Creative Services
- Environmental Technology (includes Green Technology)
- Finance
- Information Technology and Cyber Security
- Logistics and Distribution
- Manufacturing (any industry)
- Telecommunications
- Corporate and Regional Headquarters activities
- Urban Significant Projects locating in the Inner City Reinvestment /Infill Policy Target Area, including mixed-use, data centers and multi-family rental only housing

Companies and Projects Not Eligible for a Tax Abatement

Regardless of the investment or jobs created, the following types of businesses and projects are not eligible for a tax abatement:

- Retail stores, retail centers, or businesses that competitively provide goods or services to consumers are not eligible except in Reinvestment Plan Areas (Appendix C).
- Multi-family housing and mixed-use projects located outside the Reinvestment/Infill Policy target area and multi-family "for sale" within this area.
- Hotel or motel facilities.
- Projects over the Edwards Aquifer Recharge Zone and Contributing Zone.

- New or existing projects that may have a potentially negative impact on military missions.

Additional Terms and Conditions

Recipients of tax abatements must agree to work with Workforce Solutions Alamo to facilitate the posting and advertisement of new jobs at the property of interest, as well as for the recruitment of potential qualified applicants for these positions. Workforce Solutions Alamo offers other employer services, such as assessment of basic skills and work aptitudes of potential employees, job matching services, labor market information, assistance in arranging workforce training, and outplacement services which the recipient may access.

Recapture of Abated Taxes

Tax abatement agreements will provide for recapture of abated property taxes in the event contract terms and requirements are not met. These recapture provisions will survive any subsequent assignment of the Agreement. The following are the standard schedules that show what percentage of taxes abated will be recaptured (multiply the amount of taxes abated by the percentage in the recapture period):

| 6-Year Abatement Period | | 10-Year Abatement Period | |
|----------------------------|------------------|----------------------------|------------------|
| Termination of Abatement | Recaptured Taxes | Termination of Abatement | Recaptured Taxes |
| During Abatement Period | 100% | During Abatement Period | 100% |
| Year 1 of Recapture Period | 100% | Year 1 of Recapture Period | 100% |
| Year 2 of Recapture Period | 75% | Year 2 of Recapture Period | 80% |
| Year 3 of Recapture Period | 50% | Year 3 of Recapture Period | 60% |
| Year 4 of Recapture Period | 25% | Year 4 of Recapture Period | 40% |
| | | Year 5 of Recapture Period | 20% |
| | | Year 6 of Recapture Period | 10% |

Non-Refundable Application Fee

Companies must submit separate non-refundable application fees with their respective applications based upon the following schedule:

| Jurisdiction | # of Employees in Applicant Firm | Fee (\$) |
|---------------------|----------------------------------|----------|
| City of San Antonio | Minimum Fee | \$500 |
| | 100-499 | \$1,000 |
| | 500+ | \$1,500 |

Any project that requires an assignment or amendment will pay a fee of \$1,000 to the City of San Antonio. If a proposed project's investment, job creation, wages or construction schedule change significantly following the submittal of a completed application and payment of the fee to the the City of San Antonio, or if an Agreement has not been finalized within one calendar year following application, the City of San Antonio may close out a pending

application. Any submission of a new and subsequent application following such a close out will require another application fee for reconsideration of the tax abatement request.

APPENDIX A

Definitions

Agribusiness: Businesses engaged in the research, development, manufacturing, or refining of agricultural products into foodstuffs or for use as intermediate products in the processing of other agricultural finished goods or products.

Aviation/Aerospace: Companies primarily engaged in one or more of the following activities:

- (1) Manufacturing complete aircraft, missiles, or space vehicles
- (2) Manufacturing aerospace engines, propulsion units, auxiliary equipment or parts
- (3) Developing and making prototypes of aerospace products
- (4) Aircraft conversion (i.e., major modifications to systems)
- (5) Complete aircraft, missile, or space vehicle or propulsion systems maintenance, repair, overhaul and rebuilding (i.e., periodic restoration of aircraft to original design specifications)
- (6) Research and development
- (7) Regional air passenger operations

Biotechnology: This industry comprises establishments primarily engaged in conducting research, development, and manufacturing in the physical, bio-engineering, and life sciences, such as pharmaceutical, agriculture, environmental, biology, botany, chemistry, food, fisheries, forests and health.

Corporate and Regional Headquarters: The firm's corporate or regional legal principal place of business is located in the County of Bexar, and its total assets will be at least \$500,000,000 and/or its total revenues will be at least \$500,000,000 for the corporate fiscal year preceding the date of the filing of its application for Tax Abatement with the County of Bexar or the City of San Antonio. This excludes the corporation's retail outlets.

Creative Services: Includes businesses or divisions of corporations that are primarily engaged in the following sectors having general or specific activities and business efforts – printing, publishing, broadcasting, design services, advertising, public relations, architecture, digital media, and businesses involved in film and video production.

Environmental Technology: (also known as Green Technology and Clean Technology) is the application of the environmental sciences to conserve the natural environment and resources, and to curb the negative impacts of human involvement. Includes projects whose primary business activity is the research, development, or manufacturing of products such as pollution control devices and systems, waste treatment processes and storage facilities, and site remediation technologies.

Finance: Includes companies whose main business is engaged in finance, accounting, insurance, and risk management. It does *not* include any retail component of these businesses.

Information Technology and Cyber Security: This industry comprises establishments primarily engaged in planning and designing computer systems that integrate computer hardware, software, and communication technologies. The hardware and software components of the system may be provided by this establishment or company as part of integrated services or may be provided by third parties or vendors. These establishments often design and develop software, install the system and train and support users of the system. Companies in this industry are engaged in producing and distributing information and cultural products, providing the means to transmit or distribute these products as well as data or communications, research and development and processing data

Inner City Reinvestment/Infill Policy Target Area: Specific targeted areas identified in the City Council approved Inner City Reinvestment/Infill Policy that are currently served by public infrastructure and transit, but underserved by residential and commercial real estate markets. This area is identified at Appendix D.

Leadership in Energy and Environmental Design (LEED): Green Building Rating System™ developed by the U.S. Green Building Council (USGBC), provides a suite of standards for environmentally sustainable construction. In LEED v2.2 for new construction and major renovations for commercial buildings there are 69 possible points and buildings can qualify for four levels of certification.

Logistics and Distribution: Businesses involved in the receiving, storage, service, or distribution of goods or materials, where a majority of the goods or services are distributed to points outside the San Antonio metropolitan statistical area.

Manufacturing: Businesses engaged in the mechanical, physical, or chemical transformation of materials, substances, or components into new products. This includes related research and development.

Mixed-Use Project: A residential project with units for sale and/or rent within the Downtown area that has a retail and/or commercial component of no more than twenty-five percent (25%) and a residential component of at least seventy-five percent (75%).

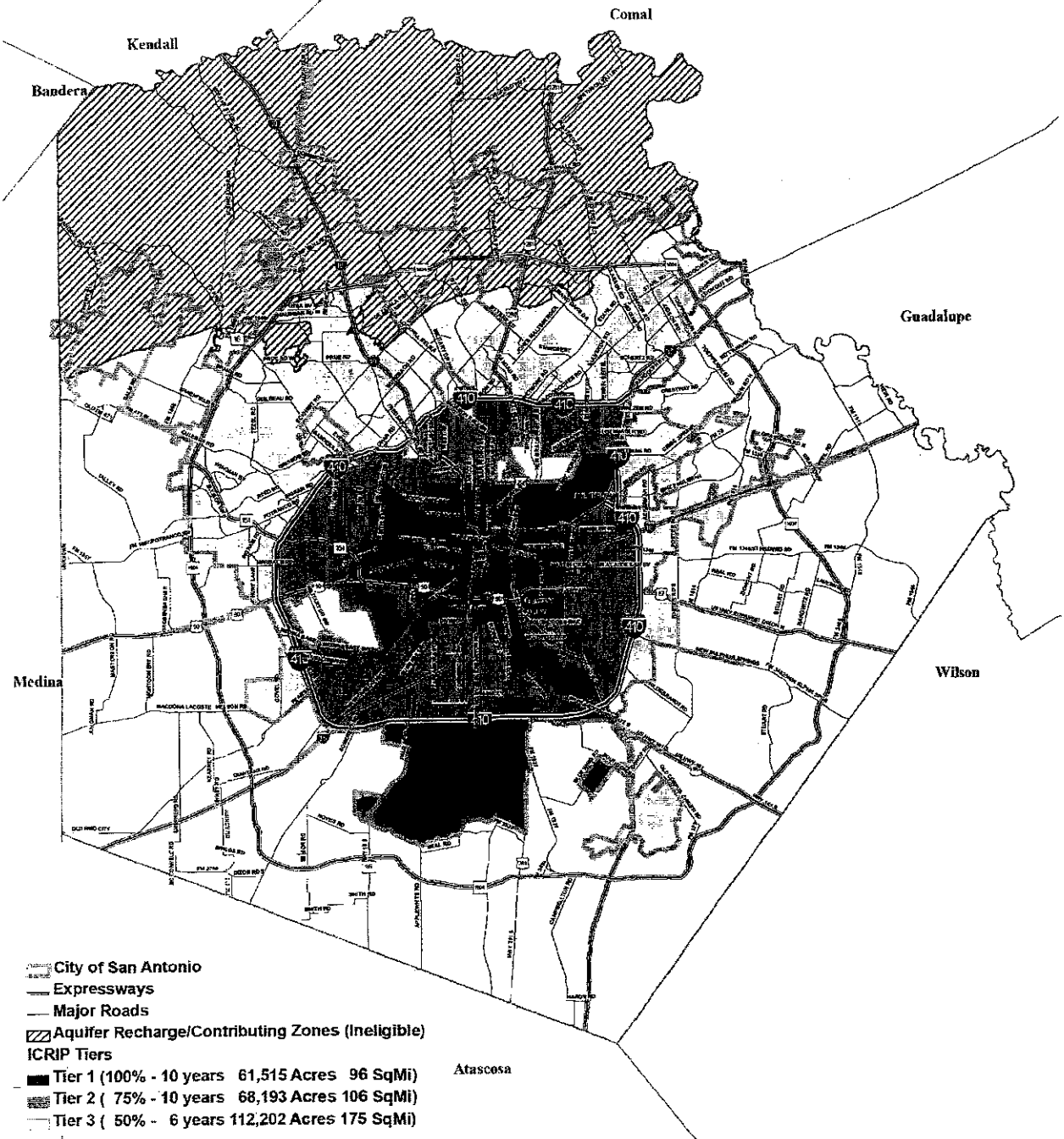
Recharge Zone and Contributing Zone (Appendix B): The Recharge Zone is that area where the stratigraphic units constituting the Aquifer crop out, including the outcrops of other geologic formations in proximity to the Aquifer, where caves, sinkholes, faults, fractures, or other permeable features would create a potential for recharge of surface waters into the Aquifer. The Contributing Zone is the drainage area or the catchment area. Here the land surface "catches" water from rainfall that averages about 30" per year, and water runs off into streams or infiltrates into the water table aquifer of the Edwards Plateau.

Reinvestment Plan Areas: Areas selected annually by the City's Community Development Advisory Committee and adopted by City Council in accordance with the City's Strategic Plan for Community Development. See Appendix C for a map.

Telecommunications: Businesses primarily engaged in research & development, regional distribution, and the manufacturing of telecommunication-related products and services. It does not include operations involved in the retail sale of telecommunications products and services.

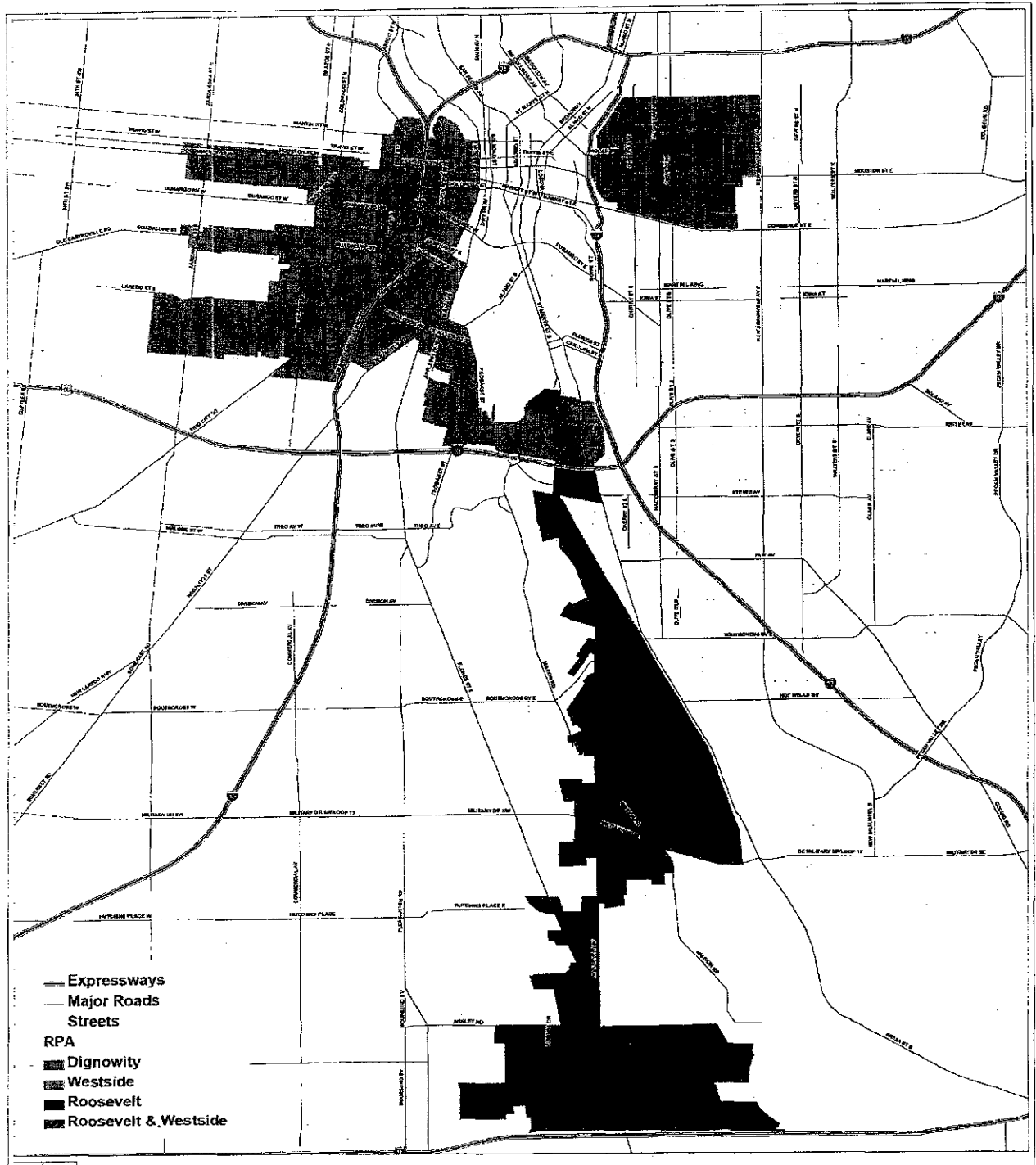
APPENDIX B

City Tax Abatement Term Areas and Edwards Recharge and Contributing Zones



APPENDIX C

Map of Reinvestment Plan Areas



APPENDIX D

Map of the Inner City Reinvestment/Infill Policy Area

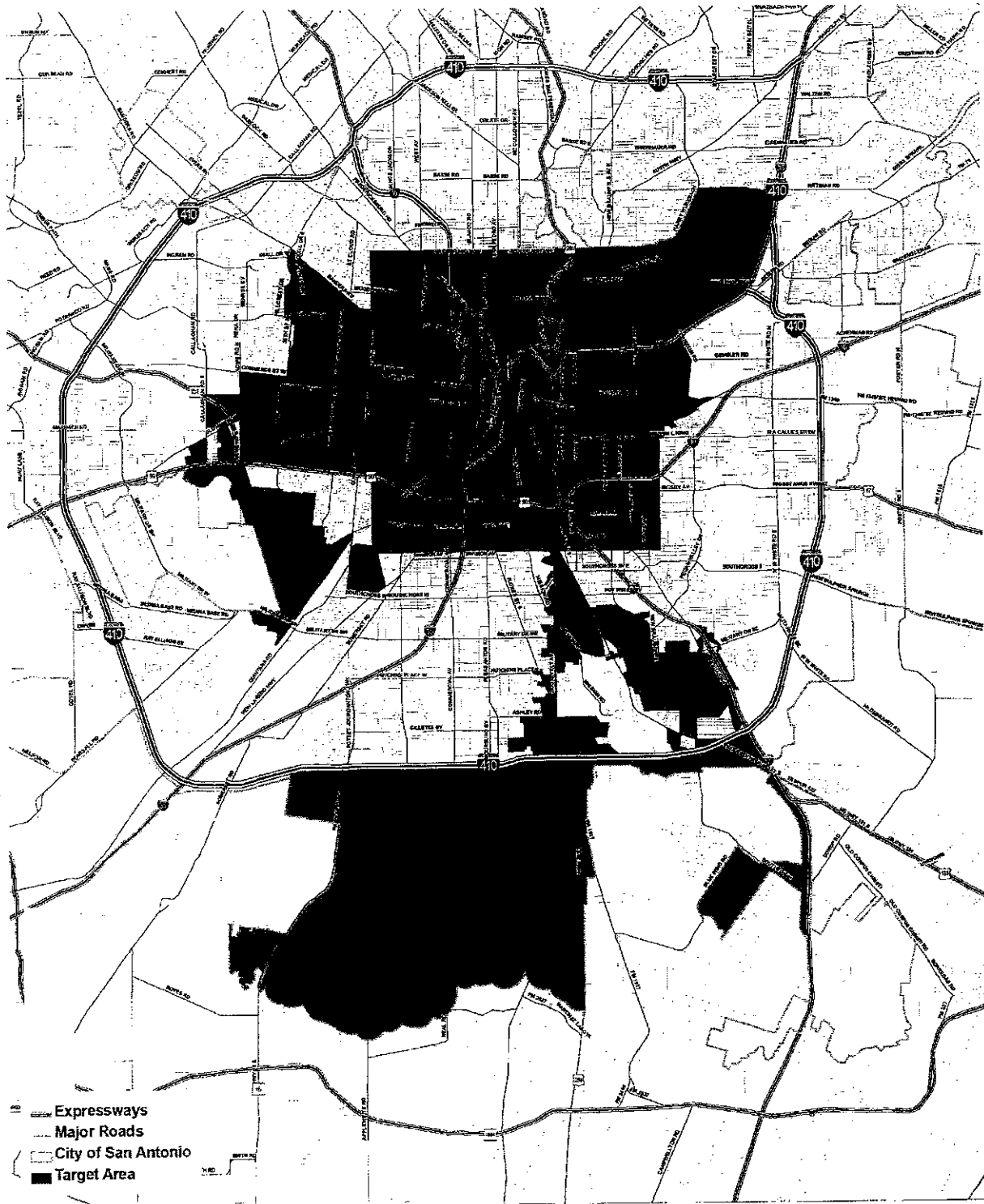


EXHIBIT C

HEALTH PLAN PROGRAM HIGHLIGHTS FOR FULL-TIME EMPLOYEES OF CON-WAY AND ADOPTING AFFILIATES

Effective January 1, 2011

Note: This is not a legal document. This comparison is a brief description of benefits available to you and is not intended to represent all benefits provided. If you have questions regarding any of the benefits shown here, refer to your Benefits Plan Description or call 1-800-363-2434, option 7.

| Benefit Description | CHOICE BASIC PLAN | | CHOICE FUND PLAN | | CON-WAY PLUS PLAN | | CON-WAY NETWORK | |
|--|--|---|--|---|--|--|--|--|
| | In-Network† | Out-of-Network† | In-Network† | Out-of-Network† | In-Network† | Out-of-Network† | In-Network Only | Out-of-Network Only |
| Calendar Year Deductible | Individual - \$2,000 Employee + 1 - \$4,000 Employee + 2 or more - \$8,000 See Note Below* | Individual - \$4,000 Employee + 1 - \$8,000 Employee + 2 or more - \$12,000 See Note Below* | Individual - \$1,500 Employee + 1 - \$3,000 Employee + 2 or more - \$4,500 See Note Below* | Individual - \$3,000 Employee + 1 - \$6,000 Employee + 2 or more - \$9,000 *See Note Below | \$400 per person \$1,200 per family | \$600 per person \$1,800 per family | None | None |
| Coinurance | 70% | 50% MRC** | 80% | 60% MRC** | 80% | 60% MRC** | 80% | 80% |
| Calendar Year Out-of-Pocket Maximum | Individual - \$4,500 Employee + 1 - \$9,000 Employee + 2 or more - \$13,500 Includes Deductible See Note Below** | Individual - \$9,000 Employee + 1 - \$18,000 Employee + 2 or more - \$27,000 Includes Deductible See Note Below** | Individual - \$4,000 Employee + 1 - \$8,000 Employee + 2 or more - \$12,000 Includes Deductible See Note Below** | Individual - \$8,000 Employee + 1 - \$16,000 Employee + 2 or more - \$24,000 Includes Deductible See Note Below** | \$4,000 per person \$12,000 family Excludes Deductible | \$8,000 per person \$18,000 family Excludes Deductible | \$3,500 per person \$10,500 family | |
| HRA - Company Provided Fund | Not Available | Not Available | Individual - \$750 Employee + 1 - \$1,500 Employee + 2 or more - \$2,250 | Individual - \$750 Employee + 1 - \$1,500 Employee + 2 or more - \$2,250 | Not Available | Not Available | Not Available | Not Available |
| Choice of Hospital and Doctor | Must use OAP Plus network provider | Your choice of hospital and doctor in any area including outside of the U.S.A. | Must use OAP Plus network providers | Your choice of hospital and doctor in any area including outside of the U.S.A. | Must use OAP Plus network providers | Your choice of hospital and doctor in any area including outside of the U.S.A. | Must use OAP Plus In-Network Only | Must use OAP Plus In-Network Only |
| Hospital Confinement (includes behavioral health) | 70% | 50% MRC** to semiprivate rate; both emergency and non-emergency admissions require certification | 80%; both emergency and non-emergency admissions require certification | 60% MRC** to semiprivate rate; both emergency and non-emergency admissions require certification | 80%; both emergency and non-emergency admissions require certification | 60% MRC** to semiprivate rate; both emergency and non-emergency admissions require certification | \$250 copayment/admission then 90% | \$250 copayment/admission then 90% |
| Outpatient Facility (Operating Room, Recovery Room and Observation Room) | 70% | 50% MRC** | 80% | 60% MRC** | 80% | 60% MRC** | Facility 90% | Facility 90% |
| Outpatient Hospital Emergency Room/Urgent Care | 70% | Same as In-Network | 80% | Same as In-Network | 80% | Same as In-Network | \$100 copayment ER (waived if admitted); \$35 Urgent Care; then 100% | \$100 copayment ER (waived if admitted); \$35 Urgent Care; then 100% |

†Deductibles and maximums do not cross accumulate between In-network and out-of-network services

*Note: All family members contribute towards the family deductible. An individual cannot have claims covered under the plan coinsurance until the family deductible is satisfied

**MRC is determined based on the lesser of the provider's normal charge for a similar service or supply in the geographic area where it is received. These charges are compiled in a database selected by CIGNA. Note: The provider may bill the member the difference between the provider's normal charge and the Maximum Reimbursable Charge as determined by the benefit plan, in addition to applicable deductibles, copayments and coinsurance. (Utilizing In-network providers can save on out of pocket expenses)

| Benefit Description | CHOICE BASIC PLAN | | CHOICE FUND PLAN | | CON-WAY PLUS PLAN | | CON-WAY Network |
|--|--|-----------------|--|-----------------|--|-----------------|---|
| | In-Network† | Out-of-Network† | In-Network† | Out-of-Network† | In-Network† | Out-of-Network† | In-Network Only |
| Professional Services — Not visits a s below | 70% (includes out-of-control anesthesia) | 50% MRC** | 80% (includes out-of-control anesthesia) | 60% MRC** | 80% (includes out-of-control anesthesia) | 60% MRC** | 100% |
| Physician Services (inpatient, outpatient or doctor's office) | 70% | 50% MRC** | 80% | 60% MRC** | 80% | 60% MRC** | \$20 copay PCP then 100% \$35 copay specialist then 100% |
| Preventive S services | 100% | Not Covered | 100% | Not Covered | 100% No Limit | Not Covered | 100% |
| Immunizations | 100% | 50% MRC** | 100% | 60% MRC** | 100% | 60% MRC** | 100% |

EMPLOYEE ASSISTANCE PROGRAM

| Benefit Description | In-Network | Out-of-Network | In-Network | Out-of-Network | In-Network | Out-of-Network | In-Network Only |
|-------------------------------------|---|----------------|------------|----------------|------------|----------------|-----------------|
| 1 – 5 visits/Family member/incident | No Charge (Not available to first year employee program) | Not Covered | No Charge | Not Covered | No Charge | Not Covered | No Charge |

BEHAVIORAL HEALTH BENEFITS NOTE: See medical plan choices above for common deductible, out of pocket maximums and Choice Fund amount where applicable.

| Benefit Description | In-Network | Out-of-Network | In-Network | Out-of-Network | In-Network | Out-of-Network | In-Network Only |
|--|---------------------------|--|----------------------------|---|----------------------------|---|--|
| Outpatient Facility | 70% | 50% MRC** | 80% | 60% MRC** | 80% | 60% MRC** | Facility 80% |
| Outpatient Hospital Emergency Room | 70% | Same as In-Network | 80% | Same as In-network | 80% | Same as In-network | \$100 copayment (waived if admitted) then 100% |
| Urgent Care | 70% | Same as In-Network | 80% | Same as In-Network | 80% | Same as In-Network | \$35 copayment then 100% |
| Physician Visits | 70% | 50% MRC** | 80% | 60% MRC** | 80% | 60% MRC** | \$20 Copayment then 100% |
| In-patient Hospital (requires pre-certification) | 70% S/P Room Rate | 50% MRC** S/P Room Rate | 80% S/P Room Rate | 60% MRC** S/P Room Rate | 80% S/P Room Rate | 60% MRC** S/P Room Rate | \$250 copayment/admission then 80% |
| Choice of Hospital and Doctor | Must use network provider | Your choice of hospital and doctor in any area including outside of the U.S.A. | Must use network providers | Your choice of hospital and doctor in any area including outside the U.S.A. | Must use network providers | Your choice of hospital and doctor in any area including outside the U.S.A. | Must use OAP In Network Only |

†Deductibles and maximums do not cross accumulate between In-network and out-of-network services

**Note: All family members contribute towards the family deductible. An individual cannot have claims covered under the plan coinsurance until the family deductible is satisfied

**MRC is determined based on the lesser of the provider's normal charge for a similar service or supply in the geographic area where it is received. These charges are compiled in a database selected by CIGNA. Note: The provider may bill the member the difference between the provider's normal charge and the Maximum Reimbursable Charge as determined by the benefit plan, in addition to applicable deductibles, copayments and coinsurance.(Utilizing In-network providers can save on out of pocket e-xpenses)

***Note: All family members contribute towards the family OOP. An individual cannot have claims covered at 100% until the total family OOP maximum has been satisfied)

EAP, Vision and Dental are not available to First Year Drivers

| PRESCRIPTION DRUG PROGRAM | | |
|---|---|--|
| Retail Card Program | 15% copayment for generic drugs, \$10 minimum and \$20 maximum 25% copayment for brand name formulary drugs, \$25 minimum and \$50 maximum 45% copayment for brand name non-formulary drugs, \$40 minimum and \$80 maximum Up to a 30-day supply (maximum two refills for maintenance drugs) | |
| Pharmacy | Must use member retail network pharmacy | |
| Mail Order Program | 15% copayment for generic drugs, \$20 minimum and \$40 maximum 25% copayment for brand name formulary drugs, \$50 minimum and \$100 maximum 45% copayment for brand name non-formulary drugs, \$80 minimum and \$160 maximum Up to a 90-day supply | |
| Pharmacy | Must use Medco Buy Mail | |
| The Prescription Drug Program does not cover over-the-counter medication. Refer to materials provided by the Pharmacy Benefit Manager, Medco Health Solutions, for details regarding discounts provided. | | |
| VISION (VSP) | | |
| Network: VSP Choice Network | | |
| Exam | \$10 co-pay (every 12 months) | |
| Lenses | \$10 co-pay (every 12 months) | |
| Frames | \$130 allowance (every 24 months) - OR - | |
| Contact lenses and exam | \$130 allowance (every 12 months) | |
| Vision coverage requires a separate election during open enrollment. The coverage listed above is a partial list of benefits and describe services provided by a VSP network provider. Limited benefits are also available from any approved vision provider. Refer to the VSP brochure for a complete description of benefits. | | |
| DENTAL | | |
| Network: Radius Network | | |
| BASIC DENTAL | | PLUS DENTAL |
| Benefit Description | | |
| Deductible | \$50 per person | \$50 per person, up to a family limit of \$150 per calendar year |
| Preventative | 100% MRC*, limited to twice a year for routine service (exam, cleaning, bitewing x-rays). Not subject to deductible. | 100% MRC*, limited to twice a year for routine service (exam, cleaning, bitewing x-rays). Not subject to deductible. |
| Basic (Restorative) | 70% MRC* after deductible | 80% MRC* after deductible |
| Major (Restorative) | 40% MRC* after deductible | 60% MRC* after deductible |
| Annual Maximum | \$750 per person | \$2,000 per person |
| Orthodontia | N/A | For children under age 19 only - 50% of MRC* to a lifetime maximum of \$1,500 per person. Not subject to deductible. |

*MRC is determined based on the lesser of the provider's normal charge for a similar service or supply in the geographic area where it is received. These charges are compiled in a database selected by CIGNA. Note: The provider may bill the member the difference between the provider's normal charge and the Maximum Reimbursable Charge as determined by the benefit plan, in addition to applicable deductibles, copayments and coinsurance.

EXHIBIT D

THE UNITED STATES CONGRESS HAS ENACTED VARIOUS LAWS GOVERNING THE EMPLOYMENT RELATIONSHIP BETWEEN EMPLOYERS AND EMPLOYEES INCLUDING, BUT NOT LIMITED TO, TITLE VII OF THE CIVIL RIGHTS ACT OF 1964, THE AMERICAN DISABILITIES ACT, THE AGE DISCRIMINATION IN EMPLOYMENT ACT, THE NATIONAL LABOR RELATIONS ACT, THE FAIR LABOR STANDARDS ACT, THE OCCUPATIONAL SAFETY AND HEALTH ACT, THE EQUAL PAY ACT, THE EMPLOYEE POLYGRAPH PROTECTION ACT, THE IMMIGRATION REFORM AND CONTROL ACT, THE CIVIL RIGHTS ACT OF 1991, THE REHABILITATION ACT OF 1973, THE UNIFORMED SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT OF 1994, THE FAMILY AND MEDICAL LEAVE ACT, THE EMPLOYEE RETIREMENT INCOME SECURITY ACT AND THE WORKERS ADJUSTMENT AND RETRAINING NOTIFICATION ACT.

EXHIBIT E

INVESTMENT FOR TAX ABATEMENT REQUEST FORM

Provide support documents, or appropriate summaries of same, only for activity occurring during the reporting period of _____ to _____. Please fax this form by January __, 200__. **Return this form with attached documentation no later than _____ to:**

City of San Antonio
International and Economic Development Dept.
Management Analyst
100 Military Plaza
City Hall, 4th Floor
San Antonio, TX 78205
(210) 207-8080
FAX (210) 207-8151

Real Property Improvements

Expenditures associated with the real property improvements to your facility for the above reporting period. **Verification may include AIA forms, receipts, invoices, requests for payment from the contractor, etc.**

Improvements occurring since _____: \$ _____ (attach supporting documents)
Improvements existing prior to _____: \$ _____

Total Real Property Improvements: \$ _____

Personal Property Improvements:

Expenditures associated with the personal property improvements to your facility for this reporting period. **Verification may include receipts, invoices, requests for payment, etc.**

Improvements occurring since _____: \$ _____ (attach supporting documents)
Improvements existing prior to _____: \$ _____

Total Personal Property Improvements: \$ _____

I certify, under penalty of perjury, that the information provided on this form and attached support documents are true and correct.

Signature _____ Date _____
Printed Name _____ Company Name _____

EMPLOYEE WAGE INFORMATION FOR TAX ABATEMENT REQUEST FORM

Provide support documents, or appropriate summaries of same, only for activity occurring during the reporting period of _____, 200____. **Please fax this sheet to:**

**City of San Antonio
International and Economic Development Dept.
Management Analyst
100 Military Plaza
City Hall, 4th Floor
San Antonio, TX 78205
(210) 207-8080
(210) 207-8151 FAX**

Company Name _____

***Total** Number of Employees (full-time Only) _____

****Total** Number of New jobs created _____

*****Number of Employees Earning At or Above Wage Standard** _____

- Minimum Hourly Wage for all employees _____

*****Wage standard will remain constant** throughout a company's Tax Phase-In Term. Standard will be the minimum hourly earnings (for San Antonio MSA) in force at the time Agreement was signed.

Please **attach support documents, or appropriate summaries of same**, such as payroll registers to document total number of employees, dates of hire, hourly wages of employees and weekly number of hours worked. **Personal identifying information is not required.**

I certify, under penalty of perjury, that the information provided on this form and attached support documents are true and correct.

Signature _____ Date _____
Printed Name _____ Company Name _____

***number of employees on** _____

**** Created from** _____ **to** _____

